

# **Township of Macomb Macomb County, Michigan**

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**Financial Report  
with Supplemental Information  
June 30, 2003**

# Township of Macomb

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## Independent Auditor's Report

To the Board of Trustees  
Township of Macomb  
Macomb County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Macomb, as of and for the year ended June 30, 2003, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Macomb's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Macomb as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison schedules, and pension system schedule of funding progress (as identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



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To the Board of Trustees  
Township of Macomb  
Macomb County, Michigan

The accompanying other supplemental information, as identified in the table of contents, is not a required part of the basic financial statements. The other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Macomb's basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002.

*Plante & Moran, PLLC*

October 6, 2003

# Township of Macomb

## Management's Discussion and Analysis

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of the Township of Macomb on a government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements, also slightly changed from prior years, follow the above-mentioned statements and illustrate how the services provided by the Township were financed in the short term, as well as what remains for future spending. Additionally, fund financial statements report the Township's operations in more detail than the government-wide financial statements.

In a condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2003 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 36.3	\$ 30.8	\$ 42.8	\$ 32.8	\$ 79.1	\$ 63.6
Noncurrent assets:						
Restricted assets	12.0	16.9	7.6	7.4	19.6	24.3
Capital assets	21.7	17.0	128.7	114.8	150.4	131.8
Total assets	70.0	64.7	179.1	155.0	249.1	219.7
Current liabilities	1.8	1.4	2.3	2.2	4.1	3.6
Long-term liabilities	23.8	24.2	14.0	8.6	37.8	32.8
Total liabilities	25.6	25.6	16.3	10.8	41.9	36.4
Net assets:						
Invested in capital assets -						
Net of related debt	11.0	9.8	120.8	106.3	131.8	116.1
Restricted	18.2	17.1	7.4	7.2	25.6	24.3
Unrestricted (deficit)	15.2	12.2	34.6	30.7	49.8	42.9
Total net assets	<u>\$ 44.4</u>	<u>\$ 39.1</u>	<u>\$ 162.8</u>	<u>\$ 144.2</u>	<u>\$ 207.2</u>	<u>\$ 183.3</u>

The Township's combined net assets increased 13 percent from a year ago, increasing from \$183.3 million to \$207.2 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$5.3 million in net assets, or 13.6 percent, during fiscal year 2003. This increase was the result of completion of the new Township Hall and its related increases of furniture and equipment. The business-type activities experienced a 12.9 percent increase in net assets as well. This was primarily due to contributions of water and sewer lines by developers and the continued growth in the customer base.

# Township of Macomb

## Management's Discussion and Analysis (Continued)

Unrestricted net assets for the governmental activities were \$15.2 million at June 30, 2003. This amount represents the part of net assets that is available to finance day-to-day operations and future growth of the township.

The following table shows the changes in net assets (in million of dollars) as of June 30, 2003 and the prior year:

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2.7	\$ 3.3	\$ 10.0	\$ 8.6	\$ 12.7	\$ 11.9
Operating grants and contributions	0.1	0.6	-	-	0.1	0.6
Capital grants and contributions	-	-	19.2	5.7	19.2	5.7
General revenue:						
Property taxes	7.7	7.1	-	-	7.7	7.1
State-shared revenue	4.0	4.3	-	-	4.0	4.3
Interest	0.9	1.2	0.9	1.1	1.8	2.3
Cable fees and other	0.6	0.2	-	-	0.6	0.2
Total revenue	16.0	16.7	30.1	15.4	46.1	32.1
<b>Program Expenses</b>						
General government	2.8	3.5	-	-	2.8	3.5
Public safety	5.3	4.6	-	-	5.3	4.6
Public works	0.6	0.5	-	-	0.6	0.5
Recreation and culture	0.8	0.7	-	-	0.8	0.7
Interest on long-term debt	1.2	0.5	-	-	1.2	0.5
Water and sewer	-	-	11.5	9.7	11.5	9.7
Total program expenses	10.7	9.8	11.5	9.7	22.2	19.5
<b>Change in Net Assets</b>	5.3	6.9	18.6	5.7	23.9	12.6
<b>Net Assets - Beginning of year</b>	39.1	32.2	144.2	138.5	183.3	170.7
<b>Net Assets - End of year</b>	<u>\$ 44.4</u>	<u>\$ 39.1</u>	<u>\$ 162.8</u>	<u>\$ 144.2</u>	<u>\$ 207.2</u>	<u>\$ 183.3</u>

# **Township of Macomb**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

The Township's total governmental revenues decreased by approximately \$0.7 million from last fiscal year. This was primarily attributed to the decrease in State-shared revenue and the declining interest on investments due to the downturn in the market. These decreases were offset by an increase in property tax revenues, cable fees, and other income.

Expenses increased by about \$0.9 million, or 9.2 percent, over last fiscal year. This increase resulted from the continued growth of Macomb Township and the various needs of the community. Also attributed to the increased expenses was a 15.2 percent increase in public safety. While the overall expenses did increase, general government expenses decreased by 20 percent from the prior year.

### **Business-type Activities**

The Township's business-type activities are recorded in the Water and Sewer Fund. Revenues of the Township's business-type activities increased 95.5 percent to \$30.1 million. The considerable increase was primarily due to a 236.8 percent increase in developer contributions of water and sewer lines in the Township. Expenses increased 19 percent to \$11.5 million for the year ended June 30, 2003.

The Township provides water, which is purchased from the City of Detroit Water System, to nearly all its residents. A significant factor to the increased expenses was a 50.3 percent increase in the cost of water from the City of Detroit Water System. The percent of the rate increases for fiscal year 2003 was held to less than the percent of the increase received from the City of Detroit. The Township also provides sewage treatment to nearly all of its residents through the Macomb County Sewage Treatment Plant. During fiscal year 2003, the water and sewer systems saw approximately a 4.2 percent increase in the volume of water sold and a 2.4 decrease in sewage treated. During this time, the number of users increased 5.5 percent over the prior year.

### **The Township's Funds**

Our analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major funds for 2003 include the General Fund, Parks and Recreation Operating Fund, Fire Operating Fund, Law Enforcement Sheriff Fund, Municipal Street Fund, Building Authority Debt Service Fund, and Building Authority Capital Projects Fund.



# **Township of Macomb**

## **Management's Discussion and Analysis (Continued)**

### **General Fund Budgetary Highlights**

Over the course of the year, the Township administration and Township Board monitor and amend the budget to take into account unanticipated events that occur during the year. The most significant of these events during fiscal year 2003 were the decreases in anticipated State-shared revenues and interest income. These revenues decreased due to the downturn in the economy and State cutbacks during 2002 and 2003. Even with those issues, the Township still completed the year with an increase in total revenue over the budgeted amount of \$0.5 million and a decrease of total expenses over the budgeted amount of \$1.5 million.

### **Capital Assets and Debt Administration**

At the end of fiscal year 2003, the Township had \$168.5 million invested in a wide range of capital assets, including land, buildings, fire equipment, computer equipment, and water and sewer lines. In addition, for the first time the Township is reporting infrastructure assets, which include roads and bridges in which it has invested since 1980. The value of the infrastructure assets, net of depreciation contained in this report, is \$2.8 million and \$2.9 million for fiscal years 2003 and 2002, respectively (see Note 3 of the notes to the basic financial statements for additional information). Additionally, the value of buildings and improvements, net of depreciation, is \$13.9 million and \$9.7 million for fiscal years 2003 and 2002, respectively.

Debt reported in these financial statements is related to the construction of the above-mentioned buildings and improvements assets and is reported as a liability on the statement of net assets (see Note 5 of the notes to the basic financial statements for additional information).

### **Economic Factors and Next Year's Budgets and Rates**

Macomb Township continues to reduce its property tax millage rate in 2003. Strong expenditure controls and past growth in the Township's tax base have helped to accomplish this planned millage rate reduction. Property taxes make up nearly 19.9 percent of the General Fund budget. Annual new growth and development in the Township have risen 3.9 percent in the past year and are expected to continue at a steady rate for the next few years. In addition, State revenue sharing, which represents nearly 43.2 percent of the General Fund budget, is unlikely to increase due to State cutbacks and less sales tax receipts at the State level.

On the expense side, the Township continues to operate with relatively low personnel costs and an efficient labor force. While our pension system is fully funded, we do anticipate further increases in pension fund contributions due to the declining stock and bond markets. We also expect continued annual increases in medical costs of near 10 percent to 20 percent per year. Despite these increased costs, our expense increases are anticipated to average between 3 percent and 4 percent per year. We will adjust expenses to mirror the revenue base, ensuring the continuation of the trend of excess revenues over expenses established over eight years ago.

# **Township of Macomb**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we invite you to contact the Macomb Township Finance Office.

# Township of Macomb

## Statement of Net Assets June 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 2)	\$ 35,231,039	\$ 39,535,151	\$ 74,766,190	\$ 205
Receivables:				
Customers	51,109	2,202,611	2,253,720	-
Special assessments - Current	21,407	136,110	157,517	-
Due from other governmental units	1,375,489	-	1,375,489	-
Internal balances (Note 4)	(344,996)	344,996	-	-
Inventories	-	611,418	611,418	-
Restricted assets (Note 6)	12,005,923	7,560,871	19,566,794	-
Capital assets not being depreciated (Note 3)	3,014,648	4,596,869	7,611,517	-
Capital assets being depreciated (Note 3)	18,701,177	124,130,114	142,831,291	-
Total assets	70,055,796	179,118,140	249,173,936	205
<b>Liabilities</b>				
Accounts payable	1,384,926	1,396,868	2,781,794	-
Accrued and other liabilities	450,814	163,772	614,586	-
Due to other governmental units	-	581,000	581,000	-
Current liabilities payable from restricted assets	-	162,500	162,500	-
Noncurrent liabilities (Note 5):				
Due within one year	655,918	304,108	960,026	-
Due in more than one year	23,124,522	13,699,291	36,823,813	-
Total liabilities	25,616,180	16,307,539	41,923,719	-
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	5,083,864	120,779,360	125,863,224	-
Restricted:				
Township Community Recreation Center	12,005,923	-	12,005,923	-
Parks and Recreation Operating	2,189,308	-	2,189,308	-
Fire Operating	3,245,640	-	3,245,640	-
Law Enforcement Sheriff	541,901	-	541,901	-
Water and sewer construction	-	6,130,948	6,130,948	-
Debt service	195,328	1,267,423	1,462,751	-
Unrestricted	21,177,652	34,632,870	55,810,522	205
Total net assets	\$ 44,439,616	\$ 162,810,601	\$ 207,250,217	\$ 205

# Township of Macomb

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 2,816,549	\$ 103,489	\$ 67,797	\$ -
Public safety	5,267,604	2,030,003	12,591	-
Public works	559,878	389,893	-	-
Recreation and culture	784,761	209,023	-	-
Interest on long-term debt	1,233,351	-	-	-
Total governmental activities	10,662,143	2,732,408	80,388	-
Business-type activities - Water and sewer	11,571,427	10,046,548	-	19,259,412
Total primary government	<u>\$ 22,233,570</u>	<u>\$ 12,778,956</u>	<u>\$ 80,388</u>	<u>\$ 19,259,412</u>
Component unit - Economic Development Corporation	\$ 1,276	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
State-shared revenues				
Interest				
Cable fees and other				
Total general revenues				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (2,645,263)	\$ -	\$ (2,645,263)	\$ -
(3,225,010)	-	(3,225,010)	-
(169,985)	-	(169,985)	-
(575,738)	-	(575,738)	-
(1,233,351)	-	(1,233,351)	-
(7,849,347)	-	(7,849,347)	-
-	17,734,533	17,734,533	-
(7,849,347)	17,734,533	9,885,186	-
-	-	-	(1,276)
7,707,848	-	7,707,848	-
3,998,773	-	3,998,773	-
837,082	851,910	1,688,992	-
615,458	-	615,458	-
13,159,161	851,910	14,011,071	-
5,309,814	18,586,443	23,896,257	(1,276)
39,129,802	144,224,158	183,353,960	1,481
<b>\$ 44,439,616</b>	<b>\$ 162,810,601</b>	<b>\$ 207,250,217</b>	<b>\$ 205</b>

# Township of Macomb

	General Fund	Parks and Recreation Operating	Fire Operating	Law Enforcement Sheriff
<b>Assets</b>				
Cash and investments (Note 2)	\$ 18,970,083	\$ 2,408,133	\$ 3,264,361	\$ 818,255
Receivables - Net	734,399	-	3,917	-
Due from other funds (Note 4)	36,163	361	350	-
Restricted assets (Note 6)	-	-	-	-
Total assets	<u>\$ 19,740,645</u>	<u>\$ 2,408,494</u>	<u>\$ 3,268,628</u>	<u>\$ 818,255</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 173,860	\$ 28,922	\$ 31,039	\$ 275,993
Accrued and other liabilities	121,198	18,883	41,624	-
Due to other funds	357,754	-	-	361
Deferred revenue	-	-	-	-
Total liabilities	652,812	47,805	72,663	276,354
<b>Fund Balances</b>				
Reserved for:				
Construction code enforcement (Note 1)	351,022	-	-	-
Township Community Recreation Center	-	-	-	-
Unreserved:				
General Fund	12,181,541	-	-	-
Special Revenue Funds	-	2,360,689	3,184,544	395,701
Capital Projects Funds	-	-	-	-
Designated (Note 13)	6,555,270	-	11,421	146,200
Total fund balances	<u>19,087,833</u>	<u>2,360,689</u>	<u>3,195,965</u>	<u>541,901</u>
Total liabilities and fund balances	<u>\$ 19,740,645</u>	<u>\$ 2,408,494</u>	<u>\$ 3,268,628</u>	<u>\$ 818,255</u>

**Governmental Funds  
Balance Sheet  
June 30, 2003**

Building Authority Debt Service	Building Authority Capital Projects	Municipal Street	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,421	\$ 834,881	\$ 2,301,961	\$ 6,621,944	\$ 35,231,039
-	-	-	21,407	759,723
-	12,408	-	-	49,282
-	12,005,923	-	-	12,005,923
<u>\$ 11,421</u>	<u>\$ 12,853,212</u>	<u>\$ 2,301,961</u>	<u>\$ 6,643,351</u>	<u>\$ 48,045,967</u>
\$ -	\$ 834,881	\$ 40,230	\$ -	\$ 1,384,925
-	-	269,109	-	450,814
-	-	-	36,163	394,278
-	-	-	21,407	21,407
-	834,881	309,339	57,570	2,251,424
-	-	-	-	351,022
-	12,005,923	-	-	12,005,923
-	-	-	-	12,181,541
-	-	-	3,366,763	9,307,697
-	-	766,622	3,035,056	3,801,678
11,421	12,408	1,226,000	183,962	8,146,682
11,421	12,018,331	1,992,622	6,585,781	45,794,543
<u>\$ 11,421</u>	<u>\$ 12,853,212</u>	<u>\$ 2,301,961</u>	<u>\$ 6,643,351</u>	<u>\$ 48,045,967</u>

# Township of Macomb

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## **Governmental Funds** **Reconciliation of Fund Balances to the Statement of Net Assets** **Year Ended June 30, 2003**

<b>Fund Balances - Total Governmental Funds</b>	\$ 45,794,543
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	21,715,825
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Certain receivables are expected to be collected over several years, and are not available to pay for current year expenditures	709,688
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Long-term liabilities are not due and payable in the current period and are not reported in the funds	(23,780,440)
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<b>Net Assets of Governmental Activities</b>	<u><b>\$ 44,439,616</b></u>
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# Township of Macomb

	General Fund	Parks and Recreation Operating	Fire Operating	Law Enforcement Sheriff
<b>Revenues</b>				
Property taxes and fees	\$ 1,528,157	\$ 1,858,005	\$ 2,505,426	\$ 1,816,260
Licenses and permits	2,171,059	-	-	-
Federal grants	9,354	-	-	-
State-shared revenues and grants	3,907,151	-	-	12,591
Charges for services	385,665	209,023	-	-
Fines and forfeitures	122,903	-	-	-
Special assessment	389,256	-	-	-
Interest	334,228	36,581	55,314	10,723
Other	195,878	5,319	1,986	-
Total revenue	9,043,651	2,108,928	2,562,726	1,839,574
<b>Expenditures</b>				
Current:				
General government	3,101,734	-	-	-
Public safety	1,681,574	-	1,378,647	1,722,882
Public works	427,029	-	-	-
Recreation and culture	-	613,380	-	-
Employee benefits and insurance	936,132	-	-	-
Capital outlay	-	-	-	-
Debt service	58,524	47,156	-	-
Total expenditures	6,204,993	660,536	1,378,647	1,722,882
<b>Excess of Revenue Over (Under) Expenditures</b>	2,838,658	1,448,392	1,184,079	116,692
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 4)	130,000	-	-	-
Transfers out (Note 4)	(1,504,668)	(1,262,996)	(500,000)	-
Total other financing sources (uses)	(1,374,668)	(1,262,996)	(500,000)	-
<b>Net Change in Fund Balances</b>	1,463,990	185,396	684,079	116,692
<b>Fund Balances - Beginning of year</b>	17,623,843	2,175,293	2,511,886	425,209
<b>Fund Balances - End of year</b>	<u>\$ 19,087,833</u>	<u>\$ 2,360,689</u>	<u>\$ 3,195,965</u>	<u>\$ 541,901</u>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Year Ended June 30, 2003**

Building Authority Debt Service	Building Authority Capital Projects	Municipal Street	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,707,848
-	-	-	-	2,171,059
-	-	-	-	9,354
-	-	-	-	3,919,742
-	-	-	3,900	598,588
-	-	-	-	122,903
-	-	-	20,789	410,045
386	260,794	16,479	122,577	837,082
-	-	-	-	203,183
386	260,794	16,479	147,266	15,979,804
-	-	-	498,834	3,600,568
-	-	-	-	4,783,103
-	-	-	-	427,029
-	-	-	-	613,380
-	-	-	-	936,132
-	4,080,387	158,365	-	4,238,752
1,685,955	-	-	31,399	1,823,034
1,685,955	4,080,387	158,365	530,233	16,421,998
(1,685,569)	(3,819,593)	(141,886)	(382,967)	(442,194)
1,685,664	-	1,000,000	582,000	3,397,664
-	-	-	(130,000)	(3,397,664)
1,685,664	-	1,000,000	452,000	-
95	(3,819,593)	858,114	69,033	(442,194)
11,326	15,837,924	1,134,508	6,516,748	46,236,737
<u>\$ 11,421</u>	<u>\$ 12,018,331</u>	<u>\$ 1,992,622</u>	<u>\$ 6,585,781</u>	<u>\$ 45,794,543</u>

# Township of Macomb

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (442,194)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	5,247,244
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(19,969)
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection	91,622
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	589,682
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>(156,571)</u>

<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 5,309,814</u></b>
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# Township of Macomb

## Proprietary Funds Statement of Net Assets June 30, 2003

	Enterprise - Water and Sewer
<b>Assets</b>	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 39,535,151
Receivables:	
Customers	2,202,611
Special assessments	136,110
Due from other funds (Note 4)	344,996
Inventories	611,418
Total current assets	42,830,286
Noncurrent assets:	
Restricted assets (Note 6)	7,560,871
Capital assets not being depreciated (Note 3)	4,596,869
Capital assets being depreciated (Note 3)	124,130,114
Total noncurrent assets	136,287,854
Total assets	179,118,140
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,396,868
Accrued and other liabilities	163,772
Due to other governmental units	581,000
Current liabilities payable from restricted assets (Note 6)	162,500
Current portion of long-term debt (Note 5)	338,393
Total current liabilities	2,642,533
Noncurrent liabilities:	
Provision for compensated absences (Note 5)	87,328
Long-term debt - Net of current portion (Note 5)	13,577,678
Total noncurrent liabilities	13,665,006
Total liabilities	16,307,539
<b>Net Assets</b>	
Investment in capital assets - Net of related debt	120,779,360
Restricted:	
Water and sewer construction	6,130,948
Debt service	1,267,423
Unrestricted	34,632,870
Total net assets	\$ 162,810,601

# Township of Macomb

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2003

	Enterprise - Water and Sewer
<b>Operating Revenue</b>	
Sale of water	\$ 4,882,163
Sewage disposal charges	4,172,372
Charges for services	992,013
Total operating revenue	10,046,548
<b>Operating Expenses</b>	
Cost of water	3,024,442
Cost of sewage disposal	2,139,852
Operation and maintenance	583,461
General and administrative	2,040,905
Depreciation	3,017,727
Total operating expenses	10,806,387
<b>Operating Loss</b>	(759,839)
<b>Nonoperating Revenue (Expenses)</b>	
Investment income	851,910
Interest expense	(700,615)
Tap fees and frontage charges	4,199,722
Other expense	(64,425)
<b>Income - Before contributions</b>	3,526,753
<b>Contributions from Developers</b>	15,059,690
<b>Change in Net Assets</b>	18,586,443
<b>Net Assets - Beginning of year</b>	144,224,158
<b>Net Assets - End of year</b>	<u><u>\$ 162,810,601</u></u>

# Township of Macomb

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Enterprise - Water and Sewer
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 9,406,344
Payments to suppliers	(5,893,818)
Payments to employees	(1,721,917)
Internal activity - Payments to other funds	(56,180)
Net cash provided by operating activities	1,734,429
<b>Cash Flows from Capital and Related Financing Activities</b>	
Receipt of capital contributions	4,199,722
Net proceeds from issuance of long-term debt	5,940,000
Purchase of capital assets	(1,874,309)
Principal and interest paid on long-term debt	(1,227,897)
Net cash provided by capital and related financing activities	7,037,516
<b>Cash Flows from Investing Activities</b> - Interest received on investments	851,910
<b>Net Increase in Cash and Cash Equivalents</b>	9,623,855
<b>Cash and Cash Equivalents</b> - Beginning of year	37,472,167
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 47,096,022</b></u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 39,535,151
Restricted investments (Note 3)	7,560,871
Total cash and cash equivalents	<u><b>\$ 47,096,022</b></u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (759,839)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	3,017,727
Changes in assets and liabilities:	
Receivables	(284,044)
Inventory	(80,268)
Due from other funds	(116,585)
Accounts payable	(86,276)
Accrued and other liabilities	43,714
Net cash provided by operating activities	<u><b>\$ 1,734,429</b></u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2003, developers constructed water and sewer lines with an estimated value of \$15,059,690 and donated them to the Township's Water and Sewer Enterprise Fund.

# Township of Macomb

## Fiduciary Funds Statement of Net Assets June 30, 2003

	Trust Funds - Pensions and Other Retirement Benefits	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,804,870	\$ 2,521,765
Other assets	48	-
Total assets	1,804,918	<u>\$ 2,521,765</u>
<b>Liabilities</b>		
Due to other governmental units	932	\$ 147,419
Cash bonds and deposits	-	2,374,346
Total liabilities	932	<u>\$ 2,521,765</u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u>\$ 1,803,986</u>	

# Township of Macomb

## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2003

	Trust Funds - Pensions and Other Retirement Benefits
<b>Additions</b>	
Investment income - Interest and dividends	\$ 81,575
Contributions:	
Employer	74,864
Employee	<u>14,129</u>
Total contributions	<u>88,993</u>
Total additions	170,568
<b>Deductions</b>	
Benefit payments	11,187
Administrative expenses	<u>3,044</u>
Total deductions	<u>14,231</u>
<b>Net Increase</b>	156,337
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>1,647,649</u>
End of year	<u><u>\$ 1,803,986</u></u>



### **Note I - Summary of Significant Accounting Policies**

The accounting policies of the Township of Macomb (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Macomb:

#### **Reporting Entity**

The Township of Macomb is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

**Blended Component Units** - The following component units are reported as if they were parts of the primary government in the financial statements.

- a. The Fire Retirement System has been blended into the Township's financial statements. The System is governed by a five-member pension board that includes the Macomb Township Treasurer, two individuals chosen by the Township's Board, and two elected fire department members. The System is reported as if it were part of the primary government because of the fiduciary responsibility that the Township retains relative to the operations of the retirement system.
- b. The Macomb Township Building Authority is governed by a three-member board that is appointed by the Township's Board of Trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to provide certain facilities necessary for the operation of the Township's government and to finance and construct the Township's public buildings.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Discretely Presented Component Unit** - The Economic Development Corporation is reported within the component unit column in the combined financial statements. The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The Corporation's governing body, which consists of eight individuals, is selected by the Township Board.

**Jointly Governed Organization** - The Township, in conjunction with Clinton Township, has created the Clinton Macomb District Library (the "Library"). The Library's Board is composed of three members appointed by Clinton Township's Board of Trustees and three members appointed by Macomb Township's Board of Trustees. The Library is funded through property taxes, specifically through a separate property tax millage that is not recorded as revenue by Macomb Township. The Library currently does not receive a subsidy from the Township. The financial statements for the Library can be obtained from the Library's administrative office at 43245 Garfield Rd., Clinton Township, MI. The Township is unaware of any circumstance that would cause an additional benefit or burden to the participating governments of the above joint venture in the near future.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual Enterprise Fund are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Property taxes, State-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the Township.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Parks and Recreation Operating Fund accounts for the activities of the Parks and Recreation Department and all resources used for the purpose of providing this service.
- The Fire Operating Fund accounts for all of the activities of the Township's Fire Department, except for the purchase of equipment.
- The Law Enforcement Sheriff Fund accounts for the police activities of the Township.
- The Building Authority Debt Service Fund accounts for all debt payments made related to construction activities for new Township facilities.
- The Building Authority Fund (a Capital Projects Fund type) accounts for construction activities for new Township facilities.
- The Municipal Street Fund accounts for reimbursements made to the County for street projects performed by the County on behalf of the Township.

The Township reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Additionally, the Township reports the following funds:

The Pension Trust Fund and the Retiree Medical Benefit Fund account for the activities of the fire employees' retirement system, which accumulates resources for pension benefit payments to qualified fire employees and for medical benefits provided to employees during retirement, respectively.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary fund relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

### Note 1 - Summary of Significant Accounting Policies (Continued)

The 2002 taxable valuation of the Township totaled \$2,074,374,120 on which ad valorem taxes levied consisted of 0.7306 mills for the Township's operating purposes, 1.25 mills for fire operating purposes, 0.0359 mills for fire pension, 0.8702 mills for police protection, and 0.8901 mills for parks and recreation. The ad valorem taxes raised \$1,513,399 for general operations, \$2,492,450 for fire operations, \$74,635 for fire pension, \$1,802,572 for police protection, and \$1,843,794 for parks and recreation. These amounts are recorded in their respective funds as tax revenue.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The revenue bonds of the Enterprise Fund require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	25 years
Water and sewer mains	50-70 years
Water meters	50 years
Buildings and building improvements	40 years
Vehicles	5 years
Office furnishings	7 years
Other tools and equipment	5-7 years

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences** - The Township allows employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off, or employees terminate).

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Construction Code Act** - The Township tracks the results of building department operation in the General Fund in accordance with Michigan Public Act 245 of 1999. The Township is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. As required under the provision of the Act, the Township adopted this accounting treatment effective January 1, 2000. A summary of the activity since January 1, 2000 is as follows:

Cumulative revenue over expenditures - July 1, 2002	\$ 574,798
2002-2003 building department activity:	
Permit revenue	\$ 1,700,319
Expenditures	<u>(1,924,095)</u>
Net shortfall for the year ended June 30, 2003	<u>(223,776)</u>
Cumulative revenue over expenditures - June 30, 2003	<u>\$ 351,022</u>

### Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The retirement system is also authorized by Michigan Public Act 485 of 1996 to invest in certain reverse purchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets have exceeded \$250 million), debt or equity of certain small businesses, certain State and local government obligations, and certain other specified investment vehicles.



# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 2 - Deposits and Investments (Continued)

The investment policy adopted by the Board in accordance with Public Act 20 of 1943 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, commercial paper rated at the time of purchase at the highest classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase, repurchase agreements of bonds, securities, and other obligations of the United States, banker's acceptances of the United States banks, obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service, interlocal agreements organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to MCL 124.512, investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, MCL 129.11 to MCL 129.118, or investment pools organized under the Local Government Pool Act of 1985, PA 121, MCL 129.141 to MCL 129.150.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 20,119,935	\$ 16,577,695	\$ 1,929,262	\$ 38,626,892	\$ 205
Investments	15,111,104	22,957,456	2,655,529	40,724,089	-
Restricted assets	<u>12,005,923</u>	<u>7,560,871</u>	<u>-</u>	<u>19,566,794</u>	<u>-</u>
Total	<u>\$ 47,236,962</u>	<u>\$ 47,096,022</u>	<u>\$ 4,584,791</u>	<u>\$ 98,917,775</u>	<u>\$ 205</u>

The breakdown between deposits and investments for the Township of Macomb is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 58,192,986	\$ 205
Investments in securities, mutual funds, and similar vehicles	40,724,089	-
Petty cash or cash on hand	<u>700</u>	<u>-</u>
Total	<u>\$ 98,917,775</u>	<u>\$ 205</u>

### **Note 2 - Deposits and Investments (Continued)**

The bank balance of the Township's deposits is \$57,934,830, of which \$1,700,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds.

The Township's investments at June 30, 2003 consisted of bank investment pools and mutual funds totaling \$40,724,089. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Township believes that investments in these pools and funds comply with the investment authority noted above. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares.

#### **Component Unit**

The deposits of the Township's component unit consist of bank deposits of \$205. The deposits were reflected in the accounts of the bank at \$205, of which the entire amount was covered by federal depository insurance.

# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 3 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 2,998,677	\$ 15,971	\$ -	\$ 3,014,648
Capital assets being depreciated:				
Infrastructure	3,288,621	46,004	-	3,334,625
Buildings and improvements	11,082,023	4,445,042	-	15,527,065
Vehicles	1,656,918	487,023	-	2,143,941
Office furnishings	1,289,317	1,037,708	-	2,327,025
Other tools and equipment	403,364	26,405	9,295	420,474
Subtotal	17,720,243	6,042,182	9,295	23,753,130
Accumulated depreciation:				
Infrastructure	369,525	132,849	-	502,374
Buildings and improvements	1,310,596	339,338	-	1,649,934
Vehicles	1,581,596	75,825	-	1,657,421
Office furnishings	822,864	205,196	-	1,028,060
Other tools and equipment	165,828	48,336	-	214,164
Subtotal	4,250,409	801,544	-	5,051,953
Net capital assets being depreciated	13,469,834	5,240,638	9,295	18,701,177
Net capital assets	<u>\$ 16,468,511</u>	<u>\$ 5,256,609</u>	<u>\$ 9,295</u>	<u>\$ 21,715,825</u>

# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 3 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Capital assets not being depreciated:				
Land	\$ 91,700	\$ -	\$ -	\$ 91,700
Construction in progress	<u>4,878,252</u>	<u>1,541,664</u>	<u>1,914,747</u>	<u>4,505,169</u>
Subtotal	4,969,952	1,541,664	1,914,747	4,596,869
Capital assets being depreciated:				
Water and sewer mains	120,323,716	16,985,030	-	137,308,746
Water meters	3,474,569	206,850	-	3,681,419
Buildings and building improvements	2,541,707	-	-	2,541,707
Vehicles	551,092	90,230	-	641,322
Furniture and equipment	<u>575,874</u>	<u>17,794</u>	<u>-</u>	<u>593,668</u>
Subtotal	127,466,958	17,299,904	-	144,766,862
Accumulated depreciation:				
Water and sewer mains	16,168,670	2,751,026	-	18,919,696
Water meters	409,751	78,297	-	488,048
Buildings and building improvements	314,740	81,519	-	396,259
Vehicles	429,188	40,960	-	470,148
Furniture and equipment	<u>296,672</u>	<u>65,925</u>	<u>-</u>	<u>362,597</u>
Subtotal	<u>17,619,021</u>	<u>3,017,727</u>	<u>-</u>	<u>20,636,748</u>
Net capital assets being depreciated	<u>109,847,937</u>	<u>14,282,177</u>	<u>-</u>	<u>124,130,114</u>
Net capital assets	<u>\$ 114,817,889</u>	<u>\$ 15,823,841</u>	<u>\$ 1,914,747</u>	<u>\$ 128,726,983</u>

Depreciation expense was charged to programs of the primary government as follows:

#### Governmental activities:

General government	\$ 389,847
Public safety	162,036
Public works	132,849
Recreation and culture	<u>116,812</u>

Total governmental activities \$ 801,544

Business-type activities - Water and sewer \$ 3,017,727

# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 3 - Capital Assets (Continued)

**Construction Commitments** - The Township of Macomb has an active construction project at year end. The project is the construction of the Township Community Recreation Center. At year end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Township Community Recreation Center	\$ 3,079,097	\$ 4,720,903

### Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental funds	\$ 36,163
Fire Operating Fund	General Fund	350
Parks and Recreation Operating Fund	Law Enforcement Sheriff	361
Building Authority Capital Projects Fund	General Fund	12,408
Water and Sewer Fund	General Fund	344,996
Total		<u>\$ 394,278</u>

#### Interfund Transfers Reported in the Fund Statements

Fund Transferred From	Fund Transferred To	Amount
General Fund	Building Authority Debt Service Fund	\$ 504,668
	Municipal Street Fund	1,000,000
Fire Operating Fund	Nonmajor governmental funds	500,000
Parks and Recreation Operating Fund	Building Authority Debt Service Fund	1,180,996
	Nonmajor governmental funds	82,000
Nonmajor governmental funds	General Fund	130,000
Total		<u>\$ 3,397,664</u>

### Note 5 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
General obligation bonds:						
2000 Building Authority Bonds						
Amount of issue - \$ 7,800,000	5.10% -	\$100,000 -				
Maturing through 2010*	8.00%	\$200,000	\$ 1,050,000	\$ (50,000)	\$ 1,000,000	\$ 100,000
2001 Building Authority Bonds:						
Amount of issue - \$10,000,000	4.00% -	\$25,000 -				
Maturing through 2027	5.25%	\$1,120,000	9,895,000	(25,000)	9,870,000	25,000
2002 Building Authority Bonds:						
Amount of issue - \$12,700,000	3.13% -	\$400,000 -				
Maturing through 2022	5.00%	\$900,000	12,700,000	(400,000)	12,300,000	400,000
Installment purchase agreements:						
1994 Land Contract Agreement:						
Amount of issue - \$455,000	5.00%	\$28,475 -				
Maturing through 2004		\$54,883	135,597	(51,689)	83,908	54,883
1997 Land Contract Agreement:						
Amount of issue - \$360,000	5.38%	\$38,535 -				
Maturing through 2007		\$45,188	203,752	(36,744)	167,008	38,535
Special assessment bonds:						
1995 Limited Tax Bonds:						
Amount of issue - \$345,000	5.15%					
Maturing through 2005		\$37,500	101,250	(26,250)	75,000	37,500
Total bond obligations			24,085,599	(589,683)	23,495,916	655,918
Other long-term obligations -						
Compensated absences			127,953	156,571	284,524	-
Total governmental activities			24,213,552	(433,112)	23,780,440	655,918

\* The 2000 Building Authority Bond was partially refunded in 2001.

# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 5 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
General obligation bonds:						
2002 Capital Improvement Bonds						
Amount of issue - \$6,000,000	3.00% -	\$150,000 -				
Maturing through 2022	5.00%	\$450,000	\$ -	\$ 5,850,000	\$ 5,850,000	\$ 150,000
Special assessment bonds:						
1995 Limited Tax Bonds						
Amount of issue - \$115,000	5.15%					
Maturing through 2005		\$12,500	33,750	(8,750)	25,000	12,500
Revenue bonds:						
1994 Revenue Bonds:						
Amount of issue - \$5,000,000	5.25%					
Maturing through 2014*		\$500,000	1,000,000	-	1,000,000	-
1998 Revenue Bonds:						
Amount of issue - \$5,000,000	4.375% -	\$100,000 -				
Maturing through 2019	7.00%	\$500,000	4,700,000	(100,000)	4,600,000	100,000
Unamortized discount of issuance			(58,750)	3,750	(55,000)	(3,750)
1998 Refunding Bonds:						
Amount of issue - \$3,390,000	4.00% -	\$225,000 -				
Maturing through 2012	4.35%	\$390,000	3,055,000	(225,000)	2,830,000	225,000
Unamortized discount of issuance			(188,571)	17,142	(171,429)	(17,142)
Total bond obligations			8,541,429	5,537,142	14,078,571	466,608
Other long-term obligations -						
Compensated absences			91,102	(3,774)	87,328	-
Total business-type activities			8,632,531	5,533,368	14,165,899	466,608
Total			\$ 32,846,083	\$ 5,100,256	\$ 37,946,339	\$ 1,122,526

\* The 1994 Revenue Bond was partially refunded in 1999.

# Township of Macomb

## Notes to Financial Statements June 30, 2003

### Note 5 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 655,918	\$ 1,114,827	\$ 1,770,745	\$ 466,608	\$ 584,908	\$ 1,051,516
2005	636,959	1,086,517	1,723,476	636,607	558,921	1,195,528
2006	572,851	1,059,959	1,632,810	649,107	528,775	1,177,882
2007	575,188	1,035,822	1,611,010	644,107	501,057	1,145,164
2008	730,000	1,013,691	1,743,691	714,107	472,699	1,186,806
2009-2013	3,875,000	4,599,879	8,474,879	4,260,535	1,893,045	6,153,580
2014-2018	6,165,000	3,579,820	9,744,820	4,482,500	1,039,125	5,521,625
2019-2023	8,285,000	1,621,000	9,906,000	2,225,000	186,031	2,411,031
2024-2027	2,000,000	255,000	2,255,000	-	-	-
Total	<u>\$ 23,495,916</u>	<u>\$ 15,366,515</u>	<u>\$ 38,862,431</u>	<u>\$ 14,078,571</u>	<u>\$ 5,764,561</u>	<u>\$ 19,843,132</u>

### Defeased Debt

In a prior year, the Township defeased a general obligation bond by placing surplus cash in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bond are not included in the governmental activities statement of net assets. At June 30, 2003, \$1,000,000 of bonds outstanding are considered defeased.



### Note 6 - Restricted Assets

Specific assets of the Water and Sewer Fund and the Building Authority Capital Projects Fund have been restricted for operations and maintenance, replacement, and debt service as well as unspent bond proceeds. Following is the detail of restricted assets at June 30, 2003:

#### Water and Sewer Fund:

Restricted assets from bond covenants	
Cash and cash equivalents	\$ 1,429,923
Less current liabilities payable from restricted assets	<u>(162,500)</u>
Total restricted assets from bond covenants	1,267,423
Cash and cash equivalents from unspent bond proceeds	<u>6,130,948</u>
Total Water and Sewer Fund	7,398,371
Building Authority Capital Projects Fund - Cash and cash equivalents	<u>12,005,923</u>
Total	<u>\$ 19,404,294</u>

Net assets have been reserved for restricted assets.

### Note 7 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for specific property, such as vehicles, computers, and employee medical claims. The Township also participates in the Michigan Municipal League risk pool for claims relating to all other property losses, torts, errors and omissions, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 8 - Defined Benefit Pension Plan and Postretirement Benefits

**Plan Description** - The Township contributes to the Fire Retirement System, which is the administrator of a single-employer public employees' retirement system that covers all full-time fire fighters of the Township. The plan does not issue a separate financial report.

The system provides retirement, death, and disability benefits to plan members and their beneficiaries. At June 30, 2003, membership consisted of one retiree and beneficiary currently receiving benefits and one terminated employee entitled to benefits but not yet receiving them, and four current active employees.

**Contributions** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by a vote of the taxpayers in 1988 and requires a contribution from the employees of 5 percent of gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Administrative costs of the plan are financed through investment earnings.

**Annual Pension Costs** - For the year ended June 30, 2003, the Township's annual pension cost and actual contribution totaled \$74,864. The annual required contribution totaled \$110,309. The actual contribution was less than the required contribution by \$35,445. The difference between the required contribution and the actual contribution is the result of a difference in timing the levy of property taxes used to fund the contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2002, using the entry age actuarial funding method. Significant actuarial assumptions used include: (i) a 7.0 percent investment rate of return; (ii) projected salary increases of 5.0 percent per year; (iii) additional projected salary increases ranging from .2 percent to 3.8 percent per year, attributable to seniority/merit and age, and (iv) no postretirement benefit increases. Both (i) and (ii) include an inflation component of 5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 19 years.

### **Note 8 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)**

#### **Three-year Trend Information of Annual Pension Cost**

	2003	2002	2001
Annual pension costs (APC)	\$ 110,309	\$ 75,244	\$ 56,069
Percentage of APC contributed	68%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

#### **Reserves**

As of June 30, 2003, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contribution	\$ 121,709
Reserve for retired benefit payments	288,843

### **Note 9 - Subsequent Events**

In July 2003, the Township issued \$2,700,000 of general obligation building authority bonds. The bonds were issued for the purpose of defraying the remaining cost of constructing recreational facilities in the Township. The bonds have an average interest rate of 3.00 percent and are payable over 18 years.

### **Note 10 - Other Postemployment Benefits**

The Township provides health care benefits to all full-time employees upon retirement in accordance with labor contracts. Currently, 10 retirees are eligible for postemployment health benefits. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution recognized by the participant. Expenditures for postemployment health care benefits are recognized as the insurance premiums come due. During the year, this amounted to approximately \$85,000.

### Note 11 - Commitments and Contingencies

The Township has been named as a defendant in a lawsuit regarding a zoning-related matter. The plaintiff is seeking damages of up to \$17 million, for which the Township is uninsured. The proceedings have not yet progressed to the point where legal opinion as to the Township's ultimate liability can be reached. Accordingly, at June 30, 2003, the Township has not recorded a liability with respect to this claim.

In the prior year, the Township entered into an intergovernmental cost-sharing agreement with two neighboring communities and the Macomb County Public Works Commissioner to fund the construction of an interceptor and wastewater disposal service. Total estimated costs are approximately \$28,000,000. Sixty percent of the cost will be shared directly by the three communities, of which the Township's portion is approximately \$6,700,000. The remaining 40 percent will be funded by the Macomb County Water Disposal District. The Township's cost capitalized to date is approximately \$2,000,000.

### Note 12 - Accounting and Reporting Change

#### GASB 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*. The Township has applied the provisions of this statement in the accompanying financial statements (including the notes to financial statements.) The Township has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations
- Financial statements prepared using a full accrual accounting for all of the Township's activities, including infrastructure (amounts paid to the Road Commission for the intangible right to use the roads)
- A change in the fund financial statements to focus on the major funds

### Note 12 - Accounting and Reporting Change (Continued)

- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets not previously accounted for by the Township as well as assets totaling \$23,753,130 that would have previously been recorded in the General Fixed Assets Account Group
- Capital assets at July 1, 2002 previously reported in the General Fixed Assets Account Group have been adjusted by \$3,521,671 to reflect the historical cost of the Township's capital assets at that date.
- The governmental activities column includes bonds and other long-term obligations totaling \$23,780,440 previously reported in the General Long-term Debt Account Group.

### Note 13 - Designated Fund Balance

The following is a summary of the unreserved fund balances of the governmental funds with management's designations:

	Designated for:				
	Subsequent				
	Years'	Capital	Debt	Total	
	Expenditures	Improvements	Service	Designated	Unreserved
General	\$ 555,270	\$ 6,000,000	\$ -	\$ 6,555,270	\$ 12,181,541
Parks and Recreation Operating	-	-	-	-	2,360,689
Fire Operating	-	-	-	-	3,184,544
Law Enforcement Sheriff	146,200	-	-	146,200	395,701
Building Authority Debt Service	-	-	11,421	11,421	-
Building Authority Capital Projects	12,408	-	-	12,408	-
Municipal Street	1,226,000	-	-	1,226,000	766,622
Nonmajor	55	-	183,907	183,962	6,401,819

## **Required Supplemental Information**

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# Township of Macomb

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 17,623,843	\$ 17,623,843	\$ 17,623,843	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	1,514,200	1,514,200	1,528,157	13,957
Licenses and permits	1,718,500	1,718,500	2,171,059	452,559
Federal grants	50,000	50,000	9,354	(40,646)
State-shared revenues and grants	4,000,000	4,000,000	3,907,151	(92,849)
Charges for services	277,500	277,500	385,665	108,165
Fines and forfeitures	90,000	90,000	122,903	32,903
Special assessment	300,000	300,000	389,256	89,256
Interest	505,000	505,000	334,228	(170,772)
Other	134,000	134,000	195,878	61,878
Transfer from other funds	68,500	68,500	130,000	61,500
Amounts available for appropriation	8,657,700	8,657,700	9,173,651	515,951
<b>Charges to Appropriations (Outflows)</b>				
General government	3,680,900	3,666,900	3,101,734	565,166
Public safety	1,852,000	1,866,000	1,681,574	184,426
Public works	462,500	462,500	427,029	35,471
Employee benefits and insurance	1,140,500	1,140,500	936,132	204,368
Debt service	59,500	59,500	58,524	976
Other	500,000	500,000	-	500,000
Operating transfers out	1,510,700	1,510,700	1,504,668	6,032
Total charges to appropriations	9,206,100	9,206,100	7,709,661	1,496,439
<b>Fund Balance - End of year</b>	<b>\$ 17,075,443</b>	<b>\$ 17,075,443</b>	<b>\$ 19,087,833</b>	<b>\$ 2,012,390</b>

# Township of Macomb

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2003

### Parks and Recreation Operating

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 2,175,293	\$ 2,175,293	\$ 2,175,293	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	1,800,000	1,800,000	1,858,005	58,005
Charges for services	143,100	143,100	209,023	65,923
Interest	17,000	17,000	36,581	19,581
Other	800	800	5,319	4,519
Total available for appropriation	1,960,900	1,960,900	2,108,928	148,028
<b>Charges to Appropriations (Outflows)</b>				
Recreation and culture	581,000	581,000	613,380	(32,380)
Debt service	47,100	47,100	47,156	(56)
Transfers to other funds	1,262,860	1,262,860	1,262,996	(136)
Total charges to appropriations	1,890,960	1,890,960	1,923,532	(32,572)
<b>Fund Balance - End of year</b>	<b>\$ 2,245,233</b>	<b>\$ 2,245,233</b>	<b>\$ 2,360,689</b>	<b>\$ 115,456</b>

### Fire Operating

<b>Fund Balance - Beginning of year</b>	\$ 2,511,886	\$ 2,511,886	\$ 2,511,886	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	2,506,378	2,506,378	2,505,426	(952)
Interest	40,000	40,000	55,314	15,314
Other	3,000	3,000	1,986	(1,014)
Total available for appropriation	2,549,378	2,549,378	2,562,726	13,348
<b>Charges to Appropriations (Outflows)</b>				
Public safety	1,683,850	1,683,850	1,378,647	305,203
Transfers to other funds	500,000	500,000	500,000	-
Total charges to appropriations	2,183,850	2,183,850	1,878,647	305,203
<b>Fund Balance - End of year</b>	<b>\$ 2,877,414</b>	<b>\$ 2,877,414</b>	<b>\$ 3,195,965</b>	<b>\$ 318,551</b>



# Township of Macomb

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds (Continued) Year Ended June 30, 2003

### Law Enforcement Sheriff

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance</b> - Beginning of year	\$ 425,209	\$ 425,209	\$ 425,209	\$ -
<b>Resources (Inflows)</b>				
Property taxes and fees	1,817,719	1,817,719	1,816,260	(1,459)
State-shared revenues and grants	11,000	11,000	12,591	1,591
Interest	10,000	10,000	10,723	723
Total available for appropriation	1,838,719	1,838,719	1,839,574	855
<b>Charges to Appropriations (Outflows) -</b>				
Public safety	1,601,200	1,601,200	1,722,882	(121,682)
<b>Fund Balance</b> - End of year	<u>\$ 662,728</u>	<u>\$ 662,728</u>	<u>\$ 541,901</u>	<u>\$ (120,827)</u>

# Township of Macomb

## Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2003

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
06/30/98 (1)(2)	\$ 415,011	\$ 803,297	\$ 388,286	51.7	\$ 186,155	208.6
06/30/00	606,981	937,625	330,644	64.7	205,887	160.6
06/30/02	630,031	1,158,301	528,270	54.4	288,843	182.9

(1) After change in benefits

(2) Revised actuarial assumptions and/or methods

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
06/30/98	\$ 68,021	100.0
06/30/99	83,241	100.0
06/30/00	26,069	100.0
06/30/01	74,982	100.0
06/30/02	75,244	100.0
06/30/03	110,309	67.9

Actuarial cost method

Entry age

Amortization method

Level percent, closed

Amortization period (perpetual)

19 years

Asset valuation method

4-year smoothed market

Actuarial assumptions:

Investment rate of return\*

7.00%

Projected salary increases\*

5.20%-8.80%

\*Includes inflation at

5.00%

Cost of living adjustments

None

The information presented above was determined as part of the actuarial valuations at the dates indicated.

# Township of Macomb

## Note to Required Supplemental Information June 30, 2003

### Note - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2003 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with generally accepted accounting principles.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Township of Macomb incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Parks and Recreation Operating Fund:		
Recreation and culture	\$ 581,000	\$ 613,380
Debt service	47,100	47,156
Transfers to other funds	1,262,860	1,262,996
Law Enforcement Sheriff - Public safety	1,601,200	1,722,882

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

## **Other Supplemental Information**

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# Township of Macomb

	Nonmajor Special Revenue Funds			
	Budget Stabilization	Noxious Weed	Park and Recreation Revolving	Fire Improvement
<b>Assets</b>				
Cash and investments	\$ 106,163	\$ 2,430	\$ 164,674	\$ 3,129,714
Receivables - Net	-	-	-	-
Total assets	<u><u>\$ 106,163</u></u>	<u><u>\$ 2,430</u></u>	<u><u>\$ 164,674</u></u>	<u><u>\$ 3,129,714</u></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ 36,163	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Total liabilities	36,163	-	-	-
<b>Fund Balances</b>				
Unreserved	70,000	2,375	164,674	3,129,714
Designated	-	55	-	-
Total fund balances	<u>70,000</u>	<u>2,430</u>	<u>164,674</u>	<u>3,129,714</u>
Total liabilities and fund balances	<u><u>\$ 106,163</u></u>	<u><u>\$ 2,430</u></u>	<u><u>\$ 164,674</u></u>	<u><u>\$ 3,129,714</u></u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003**

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
1995 Special Assessment	Public Improvement	Total Nonmajor Governmental Funds
\$ 183,907	\$ 3,035,056	\$ 6,621,944
<u>21,407</u>	<u>-</u>	<u>21,407</u>
<b><u>\$ 205,314</u></b>	<b><u>\$ 3,035,056</u></b>	<b><u>\$ 6,643,351</u></b>
\$ -	\$ -	\$ 36,163
<u>21,407</u>	<u>-</u>	<u>21,407</u>
21,407	-	57,570
-	3,035,056	6,401,819
<u>183,907</u>	<u>-</u>	<u>183,962</u>
183,907	3,035,056	6,585,781
<b><u>\$ 205,314</u></b>	<b><u>\$ 3,035,056</u></b>	<b><u>\$ 6,643,351</u></b>

# Township of Macomb

	Nonmajor Special Revenue Funds			
	Budget Stabilization	Noxious Weed	Park and Recreation Revolving	Fire Improvement
<b>Revenue</b>				
Charges for services	\$ -	\$ 3,900	\$ -	\$ -
Interest income	-	19	2,856	55,404
Special assessments	-	-	-	-
Total revenue	-	3,919	2,856	55,404
<b>Expenditures</b>				
Current - General government	-	5,836	-	492,698
Debt service	-	-	-	-
Total expenditures	-	5,836	-	492,698
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	-	(1,917)	2,856	(437,294)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	2,000	80,000	500,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	2,000	80,000	500,000
<b>Net Change in Fund Balances</b>	-	83	82,856	62,706
<b>Fund Balances</b> - Beginning of year	70,000	2,347	81,818	3,067,008
<b>Fund Balances</b> - End of year	<u>\$ 70,000</u>	<u>\$ 2,430</u>	<u>\$ 164,674</u>	<u>\$ 3,129,714</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2003**

Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	
1995 Special Assessment	Public Improvement	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 3,900
5,882	58,416	122,577
20,789	-	20,789
26,671	58,416	147,266
300	-	498,834
31,399	-	31,399
31,699	-	530,233
(5,028)	58,416	(382,967)
-	-	582,000
-	(130,000)	(130,000)
-	(130,000)	452,000
(5,028)	(71,584)	69,033
188,935	3,106,640	6,516,748
<b>\$ 183,907</b>	<b>\$ 3,035,056</b>	<b>\$ 6,585,781</b>



# Township of Macomb

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2003

	Trust Funds			Agency Funds		
	Pension and Other Retirement					
	Benefit Funds					
	Retirement System	Retiree Health Care	Totals	Tax Collections	Bond Escrow	Totals
<b>Assets</b>						
Cash and investments	\$ 733,812	\$ 1,071,058	\$ 1,804,870	\$ 147,419	\$ 2,374,346	\$ 2,521,765
Other assets	48	-	48	-	-	-
Total assets	<u>\$ 733,860</u>	<u>\$ 1,071,058</u>	<u>\$ 1,804,918</u>	<u>\$ 147,419</u>	<u>\$ 2,374,346</u>	<u>\$ 2,521,765</u>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Due to other governmental units	\$ 932	\$ -	\$ 932	\$ 147,419	\$ -	\$ 147,419
Cash bonds and deposits	-	-	-	-	2,374,346	2,374,346
Total liabilities	932	-	932	<u>\$ 147,419</u>	<u>\$ 2,374,346</u>	<u>\$ 2,521,765</u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u>732,928</u>	<u>1,071,058</u>	<u>1,803,986</u>			
Total liabilities and net assets	<u>\$ 733,860</u>	<u>\$ 1,071,058</u>	<u>\$ 1,804,918</u>			

# Township of Macomb

## Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2003

	Pension Trust Funds		
	Retirement System	Retiree Health Care	Totals
<b>Additions</b>			
Investment income - Interest and dividends	\$ 28,087	\$ 53,488	\$ 81,575
Contributions:			
Employer	74,864	-	74,864
Employee	14,129	-	14,129
Total additions	117,080	53,488	170,568
<b>Deductions</b>			
Benefit payments	11,187	-	11,187
Administrative expenses	3,044	-	3,044
Total deductions	14,231	-	14,231
<b>Net Increase</b>	102,849	53,488	156,337
<b>Net Assets Held in Trust for Pension Benefits</b>			
Beginning of year	630,079	1,017,570	1,647,649
End of year	<u>\$ 732,928</u>	<u>\$ 1,071,058</u>	<u>\$ 1,803,986</u>